

City of Lafayette Staff Report

For: Lafayette City Council
By: Jennifer Russell, Parks, Trails & Recreation Director
Date Written: January 17, 2008
Meeting Date: January 28, 2008
Subject: Deer Hill Ranch Property
3232 Deer Hill Road, APN 232-150-021
Zoning: R-20 on eastern half; LR-10 on western half
Located in Hillside Overlay District; more than 50% of property
encumbered by Class I Lafayette Ridge setback
Lot Size: 20.75 acres Average Slope: 34%
Current Uses: Single family residence; small farm/ranch; recreational
facility development is almost exclusively within R-20 zoned portion.
Subdivision of property is subject to Chapter 6-20 Hillside
Regulations.
Pursuant to section 6-2043, the density for this property is .23 dwelling
units/acre for a maximum of 4 dwelling units.

Background

The owners of Deer Hill Ranch, Anne and Hunter Holding, attended a Parks, Trails & Recreation Commission meeting on December 19, 2007 for the purpose of discussing whether or not the City would be interested in purchasing the property and continuing the animal and ropes course programs. The PTR Commission expressed a willingness to find out more about the property and the Holdings invited them to tour the property. A publicly noticed tour was conducted on Friday December 28, 2007, at which time members of the PTR Commission and City Council became acquainted with the animals, structures, topography and property boundaries. A Contra Costa Times reporter attended the tour and an article was published shortly after. Once the public became aware of the pending sale of the property, the Parks, Trails & Recreation Department began receiving emails (128 as of 1-17-08) that supported the purchase of the property and the continuance of the programs.

On Wednesday, January 9, the Parks, Trails & Recreation Commission unanimously passed the following motion:

“The Parks, Trails & Recreation Commission strongly supports the purchase of the Deer Hill Ranch property and facilities, including certain animals, subject to positive results from a very thorough and complete due diligence analysis that includes at least the following:

- Value of the property,
- Needed improvements and their cost,
- Profitability of the operations, current and forecast,
- Partnership opportunities, and
- Non-city sources of funding.

With this understanding, the PTR Commission recommends to the City Council that the City Manager negotiate an option agreement with the Holdings, such that prior to December 31, 2008, (a) they would not sell their property, (b) the City would have first right of refusal to buy the property, and (c) the price and financial arrangements would be subject to negotiation at the time the City elects to buy the property, should it elect to do so. This will allow the City time to conduct due diligence, to negotiate partnerships or other arrangements as appropriate, and to decide if the City is able to buy the property and profitably operate the facility. Such agreement with the Holdings would be subject to City Council approval.”

Meanwhile, many citizens have identified the East Bay Regional Park District to be a good candidate agency to purchase and maintain Deer Hill Ranch, and several have written letters and e-mails to promote this idea. The Park District, however, is not interested, as indicated in this excerpt from a recent e-mail by Park District Land Acquisition Manager Nancy Wenninger:

Some months ago. . . my staff researched the listing of the 20± acre parcel on Deer Hill Road as a possible East Bay Regional Park District acquisition. After taking a closer look at the various improvements on the property and its potential uses, the determination was made that EBRPD was not interested. The communication to you was that we were not interested because of the price; however, I want to clarify that it is not a good candidate for our purchase for a number of reasons.

First, it is essentially a developed parcel, not an open space property. It is my understanding that there is some interest in the community that the improvements continue to be operated with some type of public use, i.e., “a little farm,” which would be very expensive to manage. Finally, EBRPD already has the Lafayette Ridge Staging Area right next door, so there is no need for a similar use on the subject property. Our conclusion was that the property would have limited public use, and that the operating cost would outweigh the general public benefit.

As you may know, our Board of Directors is considering placing an extension of Measure AA on the November ballot. If passed, a per capita share would be distributed to each of the cities within EBRPD’s jurisdiction to be used for park and recreation purposes. This property might be a good project for the City of Lafayette’s consideration.

Regards,

*Nancy H. Wenninger
Land Acquisition Manager
East Bay Regional Park District
P. O. Box 5381
Oakland, CA 94605-0381*

Discussion with the Property Owners

On January 17, 2008, the City Manager, the Mayor and the Parks, Trails & Recreation Director met with the Holdings to discuss purchase options. Four Options were put together. A description of each option follows along with discussion and the Holding’s feedback.

Option 1

The City purchases an option wherein the Holdings would not sell the property for one year while the City attempts to raise funds to purchase the property at fair market value.

Discussion: A one-year holding period would give the City time to mount a fundraising and grant-writing campaign. Waiting a year, however, is unacceptable to the Holdings because they have entered into a contingent escrow on another ranch property.

Option 2

The City has the property appraised and enters into an agreement to purchase the property in installments over a ten year period using Park Dedication Fees.

Discussion: The Holdings are open to this concept provided that the amount of the appraisal supports their next venture. For the City, this option would commit virtually all of Lafayette's park dedication fee revenue for the next ten years, thus delaying other park acquisition and development programs and thwarting the City's ability to purchase other open space properties that might come available over the next ten years. The PTR Commission has not discussed nor made a recommendation about this option/prospect.

Option 3

Private parties donate funds to a non-profit organization (e.g., Deer Hill Ranch; Lafayette Community Foundation) which, in turn, purchases the property and operations from the Holdings at a privately negotiated price. The non-profit agency then donates the property and operations to the City, which would agree to serve as its custodian in perpetuity.

Discussion: This option would allow all parties to achieve their goals. It is dependent, however, on a timely and successful fundraising effort. Since the Holdings have entered into a contingent escrow on another ranch property, a successful \$2M+ fundraising campaign would have to occur within the next few months, which may be unachievable. In conversation it was agreed that, practically speaking, up to four families or trusts would need to commit at least \$500,000 each in a very short timeframe in order for this option to be considered realistic. The Holdings agreed to spearhead this fundraising effort.

Option 4

Some combination of #3 and #4

Discussion: The Holdings are open to this option pending timely action and commitment of Parkland Dedication Fees by the City and favorable responses from some key people whom have expressed an interest.

Staff Comments

The City Council adopted a 5-Year Parks, Trails & Recreation Capital Improvement Program that would be significantly affected by Options 2 and 4. The Commission should have the opportunity to revisit the CIP in light of this development and report back to the City Council with a recommendation.

Recommendation: Discuss and Direct Staff

From: Deer Hill Ranch [mailto:office@deerhillranch.org]
Sent: Friday, January 25, 2008 12:33 PM
To: Falk, Steven; Russell, Jennifer
Cc: 'Linus Eukel'
Subject: Communication about Deer Hill

Dear Steve and Jennifer - I wanted to tell you both in person but feel that it might be able to be communicated more efficiently in an email – if less personally, which would be my desire.

We had a wonderful tour with the Muir Heritage Land Trust on Wednesday and Linus and Susan were going to contact you. They are excited about preserving the ranch and it's programs and we were very excited as well! They seem like great people.

However, on Thursday morning, we received an offer from a local family which we simply couldn't refuse because it seemed like a perfect fit. They will continue to use the ranch for non-profit educational purposes as well as continue some of the programs we started with the possibility of their continuing other of our programs.

Hunter and I feel that this is the best solution all around since it will still give the City and the community access to the ranch but not put a financial burden on the City. It also helps us with a speedy close so that we can go on to the next part of our lives and not have to be in limbo any longer -- which has been very hard and trying.

We are very glad, however, that the foundation and communication with the City, the Muir Land Trust and the Lafayette Community Foundation has been laid so that, in the future, if the opportunity arises, the ranch

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will be able to be purchased as we had been planning. I think that the timing was just not right nor was there enough lead time.

I am sorry that it didn't end up working out the way we had imagined but so appreciate your help and the PTR Commission's help and the time they put into it. We had not anticipated this happening but sometimes things happen for a reason and we are hoping that this is the right direction for the ranch.

The new owners seem like wonderful people who also have a deep connection to sharing nature with the children of our community.

Here is the statement we jointly came up with for release:

We wanted to address the inquiries by the community of Lafayette regarding the future of Deer Hill Ranch. We are very happy to report that a resident family of Lafayette has entered into a purchase agreement with us and will take control of the property on May 1st of this year.

In evaluating options for our home as well as for the non-profit educational programs we created, we believe this one will be a terrific fit and were very pleased to be able to take into account both our family needs and the needs and desires of the community.

The new owners have the full intention of continuing some of the programs currently offered at Deer Hill Ranch, and potentially offering other opportunities to the community. The new owners look forward to working with members of the community or City staff to ensure that this can remain an option.

Hunter and Anne Holding

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